

FISCAL NOTE

Bill #: SB0149

Title: State service contracts to be performed by citizen, legal alien, or visa holder

Primary Sponsor: Laslovich, J

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Administration

1. There will be a fiscal impact as a result of limiting competition for state contracts. However, the exact impact cannot be estimated since the following factors are unknown: 1) the number of service contracts that would be involved; 2) the number of vendors that would have submitted bids if the contracts had not been restricted to U.S. workers; and 3) if any of those vendors would be the lowest responsible bidder.

TECHNICAL NOTES:

Department of Commerce

The Montana Board of Investments currently invests \$1.0 billion or 16.0 percent of the \$6.2 billion pension fund assets in companies located in Europe and the Pacific Basin. The actively-managed portions of these assets are managed by external managers with offices in Europe and Pacific Basin. While some of these firms may also have an office in New York, the staff actually providing the research for and investment of these funds would likely be citizens of European or Pacific Basin countries.

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(continued)

If the board is not exempted from the provisions of this bill, it would not be able to renew any of these contracts or enter into new contracts for the active management of European and Asian investments. Eliminating international equities from the Pension Fund assets would significantly reduce the diversification of these assets and would interfere with the board's legal mandate to prudently invest the Pension Funds.

The board also contracts with State Street Bank of Boston to provide custodial banking services. State Street in turn subcontracts with custodial banks in each country in which Pension Fund monies are invested. The State Street contract expires August 1, 2005 but may be extended for two additional years. Given the language in this bill and its effective date, the board could not extend the State Street contract without liquidating all international investments .